

**ENCLOSURE E**  
**LETTER OF INTENT**

15 May 2003

Memorandum for Record

Subject: Magpie Creek, CA Section 205, May 2003 Supplement to the Detailed Project Report—Sponsor Letter of Intent

1. Enclosed and in lieu of the a formal Letter of Intent from the project sponsor that would entail a substantial administrative effort on the part of non-Federal sponsor, the California State Board of Reclamation, are the Board's resolution, dated 17 May 2002, supporting the project as currently proposed, and the State authorization of the Magpie project, dated 25 June 2002.

Chuck Rairdan  
Project Manager

THE RESOURCES AGENCY  
THE RECLAMATION BOARD

RESOLUTION NO. 02-14

MAGPIE CREEK SECTION 205 FLOOD CONTROL PROJECT

WHEREAS, the area around Magpie Creek and Raley Boulevard in the City of Sacramento has sustained flooding from storm events lower than a 100 year event; and

WHEREAS, in 1955 and 1956, the U.S. Army Corps of Engineers and The Reclamation Board constructed the Magpie Creek Diversion Channel Project to contain normal high flows from Magpie Creek at Raley Boulevard and divert flows to Robla Creek; and

WHEREAS, increased urbanization and development in the County of Sacramento and on McClellan Air Force Base, and the channelization of creeks on McClellan AFB, the limited channel capacity of Magpie Creek and the MCDCP has been exceeded; and

WHEREAS in the early 1990's the City of Sacramento requested that the Corps study the problem along Magpie Creek and develop possible flood control solutions; and

WHEREAS, the Magpie Creek Flood Control Study was conducted under the authority of Section 205 of the 1948 Flood Control Act, as amended (33 U.S.C. 701S); and

WHEREAS, the study was based on the assumption the military construction program for McClellan AFB would include improvement of Magpie Creek on the base from Patrol Road to the western boundary of the base; and

WHEREAS, a tentatively selected plan for flood control was described in the Final Detailed Project Report and Final Environmental Impact Statement/Environmental Impact Report, Magpie Creek, California, in April of 1996; and

WHEREAS, the 1996 EIS/EIR identified and analyzed project alternatives that would increase flood protection for the City of Sacramento downstream from McClellan AFB; and

WHEREAS, concurrent with completion of the 1996 EIS/EIR, the Base Realignment and Closure Committee directed the closure of McClellan AFB, and conversion of base operations and facilities to private enterprise beginning in the year 2001; and

WHEREAS, funding by the U.S. Air Force for the 1996 project flood control improvements on McClellan AFB was eliminated; and

WHEREAS, a supplemental report was required to evaluate the effects caused by the design changes that were implemented due to the elimination of McClellan AFB from the project; and

WHEREAS, the "Magpie Creek, California, Supplemental Report to the Section 205 Final Detailed Project Report and Final Environmental Impact Statement/Environmental Impact Report, Sacramento, California," was completed in 1997; and

WHEREAS, since the completion of the 1997 Supplemental Report, the role of the local project sponsor and lead agency under the California Environmental Quality Act has been assumed by SAFCA, replacing the City of Sacramento; and

WHEREAS, the Board has been acting as a responsible agency thereafter; and

WHEREAS, on February 4, 2000, the Board sent a letter to SAFCA indicating concurrence on resolution of project issues and intent to authorize the project contingent upon compliance with CEQA; and

WHEREAS, in 2001 the project was redesigned based on closure of McClellan AFB, a floodplain analysis was prepared to eliminate the portion on McClellan Business Park and allow for a wider channel to facilitate environmental features, and a new hydraulic analysis was performed to determine project elements necessary to achieve a 170-year level of flood protection for properties along historic Magpie Creek; and

WHEREAS, the redesigned project will cost about \$6.74 million and provide a level of protection of about 170 years; and

WHEREAS, a Mitigated Negative Declaration dated March 13, 2002 has been completed by SAFCA, in accordance with the CEQA Public Resources Code Section 21000 and State CEQA Guidelines, Title 14, California Code of Regulations, Section 15000; and

WHEREAS, the SAFCA Board of Directors adopted the Mitigated Negative Declaration, the Mitigation Monitoring Program, and approved the project on April 16, 2002 (copy attached); and

WHEREAS, the Corps is responsible for the National Environmental Policy Act decision and action.

NOW, THEREFORE, BE IT RESOLVED that The Reclamation Board:

1. adopts Sacramento Area Flood Control Agency's April 18, 2002, Mitigated Negative Declaration, findings, and the Mitigation Monitoring Plan for the project; and
2. approves cooperating with the Department of Water Resources, the U.S. Army Corp of Engineers, and SAFCA to carry out the project, and authorizes the President, Secretary, and staff of the Board to take all reasonable and necessary steps to implement the project.

DATE: MAY 17 2002

THE RECLAMATION BOARD OF THE  
STATE OF CALIFORNIA

By Betsy A. Marchand  
Betsy A. Marchand  
President

By Burt Bundy  
Burt Bundy  
Secretary

Approved as to Legal Form  
And Sufficiency

By David A. Sandino  
David A. Sandino  
Counsel to The Reclamation Board

Date : JUN 25 2002

To : 1. Stein Buer, Chief  
2. Jonas Minton, Deputy Director  
3. Steven Macaulay, Chief Deputy Director  
/ 4. Thomas M. Hannigan, Director

From : Rodney G. Mayer, Chief  
Flood Control Project Management Office  
Department of Water Resources

Subject : State Authorization of the Magpie Section 205 Flood Control Project,  
Sacramento, California

This document serves as State authorization of the Magpie Creek Flood Control Project, pursuant to California Water Code sections 12750 and 12750.1, governing small flood control projects constructed jointly with the U.S. Army Corps of Engineers under Section 205 of the Flood Control Act of 1948, as amended.

Pursuant to the provisions of Water Code section 12750, State participation in federally sponsored Section 205 small flood control projects is contingent upon recommendation provided by the Director of the Department of Water Resources. Upon authorization, funds appropriated by the Legislature may be used for the State's share of the cost of construction of the Project.

Pursuant to the provisions of Water Code section 12750.1, State participation as a cost-sharing sponsor for a Section 205 project requires a determination that the project has a positive benefit-to-cost ratio and is the most economical alternative with respect to both initial capital costs and annual operation and maintenance costs. Pursuant to the provisions of AB 1147, which added Water Code sections 12582.7 and 12585.9, State authorization requires:

1. The project shall be designed to produce the greatest feasible reduction in flood damages in the most efficient manner practicable with due regard for environmental and recreational considerations and local economic conditions.
2. The local agency shall comply with Section 701b-12 of Title 33 of the United States Code, which requires the preparation, adoption, and implementation of a floodplain management plan within one year after completion of construction.
3. The local community shall have an ordinance consistent with the National Flood Insurance Program's model floodplain management ordinance.

Stein Buer, Chief, et al

JUN 25 2002  
Page 2

- 4 The project shall avoid, minimize, or mitigate impacts to environmental and recreational values.
- 5 The project planning documents shall include an evaluation of opportunities to include multipurpose objectives.
- 6 The nonfederal sponsor shall accommodate other partners that provide the costs of including multipurpose objectives that are compatible with the project's schedule and primary flood management purpose.
- 7 The Reclamation Board or DWR shall provide sufficient review, oversight, and coordination with the local sponsor during the planning, environmental review, and project approval process to determine whether the above requirements were met. The Board or DWR shall determine whether the project's individual and cumulative hydraulic impacts are mitigated. Prior to State authorization, DWR or the Board shall submit a report to the Legislature that indicates whether the project meets requirements 1 through 6. The requirements of this paragraph are contingent upon appropriation of sufficient funds, as determined by DWR.

Pursuant to the provisions of AB 1147, which amended Water Code section 12585.7, State and local sponsors will share the nonfederal project cost, with the State share ranging between 50 and 70 percent based upon the project's contributions to several objectives other than flood control.

Pursuant to California Environmental Quality Act Section 15352(a), approval by the Director of DWR constitutes a discretionary decision that commits the State to a definitive course of action. Such discretionary action requires demonstration of complete compliance with CEQA requirements prior to approval.

#### PROJECT DESCRIPTION

Magpie Creek is located in the north-central area of the City of Sacramento (see attached map). The headwaters are located in the Foothill Farms area east of Roseville Road in the County of Sacramento, outside the City of Sacramento corporate boundary. The creek flows approximately seven miles southeast and discharges into the Magpie Drain north of and parallel to Interstate 80. Magpie Drain discharges into the Natomas East Main Drainage Canal approximately one mile to the west. Don Julio Creek is the single major tributary and discharges into Magpie Creek immediately upstream of Raley Boulevard.

Stein Buer, Chief, et al

Page 3 JUN 25 2002

The drainage area tributary to Magpie Creek and Don Julio Creek is approximately 15-square miles (9,600 acres). The upstream reach of the drainage area is primarily residential with moderate topographical relief. Magpie Creek flows easterly through McClellan Air Force Base, south of the runways, and beneath Raley Boulevard. West of Raley Boulevard, the creek turns south and flows through a mixed residential/commercial/industrial area into the Magpie Drain.

In the 1950s, the Corps designed a 1.5-mile diversion channel immediately west of Raley Boulevard and downstream of the confluence with Don Julio Creek. The Magpie Creek Diversion Channel was designed to convey the combined 100-year discharge from Magpie and Don Julio Creeks northwest to Robla Creek (formerly Rio Linda Creek), which discharges into the NEMDC. The original design concept was to divert flood runoff away from an urbanizing area and into a channel with greater conveyance capacity. The improvements were constructed by the Corps as features of the Sacramento River Flood Control Project with the Board acting as the nonfederal sponsor.

Flooding problems subsequent to construction of the MCDC 50 years ago illustrate problems typical of increased runoff due to urbanization and the changes in design standards resulting from risk-based analysis. By current standards, the MCDC conveys approximately a 10- to 20-year discharge. This results in frequent flooding immediately upstream of Raley Boulevard, which overtops, causing flooding of residential and commercial property immediately west of Raley Boulevard. Flood runoff in excess of the capacity of the MCDC overtops the south levee and discharges into the historic Magpie Creek, which floods for the full reach extending to Interstate 80. The potential flood threat to Interstate 80 creates a transportation hazard for flood fighting and evacuation. Flooding problems are also frequent in the western portion of MAFB.

Flood issues and remedial design alternatives were originally addressed in a feasibility study prepared jointly by the Corps, the City of Sacramento, and American River Flood Control District in 1993. In 1996, the Corps prepared a Detailed Project Report that recommended improvements consistent with the federally mandated objectives of the National Economic Development plan, which limits federal participation to projects with demonstrable cost effectiveness. The Corps' original NED plan included improvements within the MAFB boundary and within the corporate boundary of the City of Sacramento downstream of MAFB. Under the original NED plan, improvements within the City of Sacramento corporate boundary were to be funded by Section 205 appropriations; improvements within MAFB were to be funded by a separate account.



Stein Buer, Chief, et al

JUN 25 2002  
Page 4

The recommended improvements contained in the NED plan included levee modifications to the MCDC and channel improvements to Magpie Creek upstream of Raley Boulevard, including the reach extending through MAFB. The NED plan also included detention on MAFB property to reduce the downstream discharge in Magpie Creek and the MCDC.

In January 1996, the Sacramento Area Flood Control Agency adopted a resolution to become the local sponsor for the Magpie Creek Flood Control Project, preparatory to enlisting the support of the Board as the nonfederal sponsor. The Board submitted three letters of intent to the Corps dated March 19, 1996, July 2, 1996, and March 5, 1997 stating intent to participate as the nonfederal sponsor of the project, subject to obtaining State authorization and State appropriations, and executing a Local Project Cooperation Agreement. Board sponsorship was conditioned on resolution of four issues. First, MAFB closure required project redesign to assure flood control objectives are met in the event that proposed MAFB improvements would not be constructed. Second, potential hazardous waste contamination originating from MAFB required a federal commitment to fund any future required remedial containment measures. Third, project sponsors were to mutually commit to develop alternative mitigation plans to replace the mitigation proposed under the NED plan, which exceeded 50 percent of the cost of the nonfederal obligation and was, therefore, unacceptable to the Board. Fourth, SAFCA was to assume financial responsibility for all nonfederal costs exceeding the Section 205 federal cost limit of \$5 million subsequently increased to \$7 million in 1999, as well as assume responsibility for long-term maintenance and liability arising from construction and operation and maintenance activities.

The federal project cost will not likely exceed the current Section 205 limit, under the current project redesign (described below). The issue will be addressed during negotiation of the Local Project Cooperation Agreement.

In June 2001, the Corps provided SAFCA and Board staff with a revised estimate for the project of approximately \$15 million, up from a 1996 estimate of \$7.97 million. The difference in project cost was due primarily to the channel-widening component of the project. Due to the cost increase, SAFCA developed a Locally Preferred Plan that increases the floodplain storage component of the Corps' NED plan, while eliminating the channel-widening portion of the project and maintaining a comparable level of flood damage reduction.

Stein Buer, Chief, et al

JUN 25 2002  
Page 5

Components of the LPP include improvements to approximately 1,000 feet of the left (west) levee south of Raley Boulevard, approximately 2,100 feet of short floodwall along the MCDC immediately west of Raley Boulevard, a culvert through the bike trail at Ascot Avenue and Rio Linda Boulevard, and acquisition of approximately 80 acres of floodplain immediately adjacent to the Raley Boulevard crossing. The levee improvements will be designed to provide a 170-year level of flood protection for the frequently flooded commercial area south and west of Raley Boulevard and along the historic Magpie Creek alignments, which will reduce the potential flooding north of Interstate 80. Delineation of the floodplain to be purchased is based on the 170-year flood event. Preservation of the 80-acre floodplain parcel will reduce flood damage by eliminating development in a frequently flooded area and attenuating the peak flow. The parcel also will provide onsite mitigation acreage in excess of that required for the project, thereby providing opportunity for environmental enhancements and/or mitigation credits for future projects.

The total value of damageable units and structural values in the study area was estimated (1993 price level) to exceed \$54 million. The Corps reports the annual benefit to be \$1,509,000 at October 1995 levels. This value adjusted by SAFCA to the April-2002 price level using the Consumer's Price Index for housing, is \$1,959,000 (see attached David Ford Consulting Engineers Memorandum, dated May 20, 2002, to Butch Hodgkins and David Ford Consulting Engineers Memorandum, dated May 23, 2002, to Mr. Butch Hodgkins). Without this project, property would continue to be damaged and deteriorate with each flood. Although residents would continue to use flood insurance to provide economic protection, flood insurance would not necessarily guarantee a decent, safe, and sanitary residential environment. Furthermore, the existing flood emergency evacuation plan would continue to minimize loss of life and reduce damage to some personal property, an evacuation plan would not reduce damages to real property nor ease the psychological trauma of the flood event.

According to the 1996 Detailed Project Report, the cost of the Corps' authorized National Economic Development plan was \$7,971,000. This cost, updated by SAFCA to April 2002 level, was \$9,076,000. The estimated annualized cost (April 2002 level) is \$586,000. Annual operation and maintenance costs are estimated at \$18,000. Total annualized costs for the Corps' NED plan, adjusted to the April 2002 level, is \$604,000. (The annualized cost was computed for a 50-year project life and a 6.125 percent interest rate.) The average annual flood damage reduction benefits are estimated at \$1,959,000, therefore, the benefit to cost ratio is computed at 3.2 to 1. (See attached David Ford Consulting Engineers Memorandum, dated May 20, 2002, to Butch Hodgkins and David Ford Consulting Engineers Memorandum, dated May 23, 2002, to Butch Hodgkins).

Stein, Rues, Chief et al  
JUN 25 2002

Page 6

In comparison, SAFCA's LPP cost is estimated to be \$6,739,000 (April-2002 level). With a 50-year economic life and Corps' discount rate of 6.125 percent, the annual cost is estimated to be \$435,000. Annual operation and maintenance is estimated to be \$18,000. The total annual cost is estimated at \$453,000. (See summary of economic analysis below from David Ford Consulting Engineers Memorandum dated May 20, 2002 to Butch Hodgkins.)

Table 4. Economic comparison of alternatives at 2002 price levels

Item	Corps' NED alternative	SAFCA's preferred alternative
First Cost	\$ 9,076,000	\$ 6,739,000
Annual cost	\$ 586,000	\$ 435,000
Annual O&M	\$ 18,000	\$ 18,000
Total annual cost	\$ 604,000	\$ 453,000
Annual Benefit	\$ 1,959,000	\$ 1,959,000
Net benefit	\$ 1,355,000	\$ 1,506,000
Benefit-cost ratio	3.2:1	4.3:1

The Corps is currently reviewing SAFCA's LPP, and in a June 7, 2002 letter (attached), has indicated that "it appears to be a reasonable alternative that is technically feasible and economically justifiable."

#### PROJECT COORDINATION

In June 1996, the City of Sacramento, as the designated lead CEQA agency, and the Corps jointly prepared a Draft Environmental Impact Statement/Environmental Impact Report for the original design, including the MAFB improvements. In June 2000, SAFCA was designated as the new lead CEQA agency in acknowledgement of their sponsorship of hydrologic and hydraulic analyses for the North Area Local Project flood control improvements for Robla Creek and Dry Creek, which require integration with the proposed Macpie Creek improvements. In early 2002, the project sponsors agreed to complete CEQA certification prior to NEPA certification. SAFCA prepared a draft Initial Study to identify and evaluate environmental impacts of the LPP. SAFCA also prepared a Negative Declaration in compliance with CEQA requirements. DWR staff provided review comments.

As the responsible agency for CEQA, on May 17, 2002, the Board approved Resolution No. 02-14 and adopted SAFCA's April 18, 2002 Mitigated Negative Declaration, Findings, and Mitigation Monitoring Plan for the LPP; approved cooperating

Stein Buer, Chief, et al

Page 7  
JUN 25 2002

with DWR, the Corps, and SAFCA to design and construct the Project, and authorized the Board President, Secretary, and staff to take all reasonable and necessary steps to implement the Project (attached).

The State appropriated \$1,750,000 for the Magpie Creek Project during fiscal year 1999-2000. On April 14, 2000, the State submitted a letter of understanding to SAFCA describing the terms and conditions for allocating these funds to a Section 205 small flood control project. The stipulations included satisfying the constraints of Water Code sections 12750 and 12750.1 requiring project authorization and demonstration of a positive benefit-to-cost ratio and economic feasibility. The stipulations further included that SAFCA, as the designated lead CEQA agency, was responsible for satisfying the certification requirements of CEQA prior to funding distribution. Upon meeting these stipulations, the State may transfer to SAFCA the estimated State cost share for the project, up to \$1,750,000. This appropriation remains available until June 30, 2002. In addition, the State appropriated \$1,530,000 of Proposition 13 funds for the project in 2000. This appropriation remains available until 2003.

Under the provisions of Water Code Section 12585.7, enacted on January 1, 2002, the State would pay 50 percent of the (1) nonfederal capital costs, (2) the nonfederal capital costs of fish and wildlife mitigation, and (3) the nonfederal design costs. This percentage may increase to a maximum of 70 percent if the Board determines that the project will result in a significant contribution to any of the following objectives:

1. Protects, creates, enhances, or provides opportunities for enhancement of endangered species, riparian, aquatic, terrestrial, or other important habitats.
2. Protects or enhances open space.
3. Develops or enhances recreational opportunities that include, but shall not be limited to, picnic areas, foot and bike paths, and provides public access to all or nearly all of the project works, except those areas where public access would constitute a threat to public safety or habitat or would constitute a trespass on private property.
4. Increases the level of flood protection within the benefited area of the project if that area has a median household income that is less than 120 percent of the poverty level, as defined by the Department of Finance Population Research Unit, for the year in which the project would be authorized.

Stein Buer, Chief, et al

JUN 25 2002  
Page 8

- E. Increases the level of flood protection for State Transportation facilities or State water supply facilities.

Regulations for implementation of Section 12585.7 are currently being developed in accordance with Section 12585.7 (e) (2). The regulations are not expected to be promulgated for several months. Consequently, despite the consideration that the project contains features that are likely to warrant a higher State cost-sharing percentage, 50 percent cost sharing is recommended at this time. After promulgation of the regulations, it may be appropriate to authorize an increase in the State's cost share. SAFCA has agreed to the 50 percent cost sharing, subject to possible revision after the adoption of the regulations. At this time, based on 50/50 State/local cost sharing of the nonfederal costs of the project, the estimated State share is \$1,685,000.

#### PROJECT FINDINGS

Pursuant to Water Code section 12750, this statement serves as the formal findings for the Magpie Creek Flood Control Project, as currently defined in the Initial Study (March 2002) as the SAFCA LPP.

Pursuant to Water Code section 12750.1, staff review of the Initial Study for the project confirms that the benefit-to-cost ratio is positive and that the project is the most cost effective alternative that continues to minimize flood damage in accordance with the performance objectives required of Section 205 small flood control projects.

Pursuant to CEQA Section 15352(a), requiring certification of the environmental documents prior to authorization, the Board approved the Initial Study and Mitigated Negative Declaration on May 17, 2002, at the recommendation of DWR staff.

Pursuant to Water Code section 12582.7 (a) (1), the project was federally authorized in October 1997.

Pursuant to Water Code section 12582.7 (a) (2), the project's annual benefits exceed its costs allocable to flood management and its design produces the greatest feasible reduction in flood damages in the most efficient manner practicable, with due regard for environmental and recreational considerations and local economic conditions.

Pursuant to Water Code section 12582.7(a)(3), a floodplain management plan was adopted by the City of Sacramento and SAFCA has developed a plan for compliance with Section 701 b-12 of Title 33 in accordance with the federal and State-required timeframe. A floodplain management ordinance consistent with the

Stein Buer, Chief, et al

UN 25 2002

Page 9

National Flood Insurance Program's model floodplain management ordinance was adopted by the City of Sacramento in February 1996, entitled "City of Sacramento Comprehensive Flood Management Plan." SAFCA will coordinate with the City of Sacramento to ensure the project's improvements are reflected in the next update.

Pursuant to Water Code section 12582.7(a) (4), the Project avoids, minimizes, and mitigates impacts to environmental and recreational values.

Pursuant to Water Code section 12582.7(a) (5), the project planning documents include an evaluation of opportunities to include multipurpose objectives. No other partners willing to provide the costs of other multipurpose objectives have been identified.

Pursuant to Water Code section 12585.7(b) (1) and (2), DWR has provided review and coordination with SAFCA during the planning, environmental review, and project approval process. DWR has not received sufficient funds for oversight or for preparation of a report to the Legislature.

Pursuant to Water Code section 12585.9, the project's individual and cumulative hydraulic impacts have been mitigated.

An AB 1147 checklist and compliance statement that provides detailed responses to these Water Code sections are attached.

Pursuant to the Board's letter of intent dated March 5, 1997, conditioning project sponsorship on resolution of remaining technical and funding issues, staff review of the Project confirms that (1) the project will continue to minimize flood damage without construction of the upstream improvements on MAFB; (2) hazardous waste contamination within the Project reach does not exceed background levels; (3) the cost of mitigation is reasonable; and (4) SAFCA has submitted a letter of intent to continue as the local project sponsor, responsible for all maintenance and all liability deriving from maintenance activities, subject to the conditions of the LPCA to be negotiated subsequent to State authorization.

Stein Buer, Chief, et al

JUN 25 2002  
Page 10

APPROVAL RECOMMENDED:

Stein M. Buer 6/25/02  
Stein Buer, Chief Date  
Division of Flood Management

Stein M. Buer for 6/25/02  
Jonas Minton Date  
Deputy Director

Steven Macaulay 6-26-2002  
Steven Macaulay Date  
Chief Deputy Director

APPROVED:

Thomas M. Hannigan 6-26-02  
Thomas M. Hannigan Date  
Director

APPROVED AS TO LEGAL FORM  
AND SUFFICIENCY

Peggy Bernardy 6-24-02  
Peggy Bernardy Date  
Chief Counsel

Attachments